EXHIBIT F

98

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NationsBanc Montgomery Securities LLC

Facsimile

Date:	08/04/98
To:	Patty Walsh
cc:	
Company:	Adams Golf
Fax:	972-673-9590
Page(s):	9
From:	Jennifer Shack
Telephone:	415-627-2237
Fax:	415-913-5970
RE:	

Here is the piece that we distributed to our sales force and put on First Call this morning.

PENGAD 800-631-6989 EXHIBIT 98 Walsh

If all pages do not transmit, please call (415) 627-2000.

NATIONSBANC MONTGOMERY**NATIONSBANC MONTGOMERY**NATIONSBANC MONTGOMERY

ADAMS GOLF, INC.*

RATING: BUY

August 4, 1998 | CONSUMER PRODUCTS | NASDAQ: ADGO

John W. Weiss (415) 627-2240

Handout

Bracken J. White (415) 913-3528

DJIA: 8842
S&P 500: 1118
NMSGI: 119

PRICE:	$9 – 3/4	FY ENDS 12/31	1997	1998E	1999E
52-WEEK RANGE:	$18 - 9				
FULLY DILUTED SHARES O/S:	23.4	Q1 (MAR)	$0.00	$0.31A	$
MARKET CAPITALIZATION:	$228.2 MM	Q2 (JUN)	0.00	0.35A	
AVG DAILY VOL. (3 MOS.):	947,678	Q3 (SEP)	0.24	0.22 (3)	
SECULAR EPS GROWTH:	25%	Q4 (DEC)	0.31 (2)	0.20 (4)	
1998E REVENUES:	$106 MM	FISCAL YEAR	$0.57 (2)	$1.05	$1.25
MARKET CAP./REVENUES (1):	215%	P/E	17.1	9.3	7.8
3/98 TOTAL DEBT (1):	$1.1 MM	P/E/G	68%	37%	31%
3/98 LTD/TOTAL CAP. (1):	1%				
1998 ROAE:	45%				
3/98 SHAREHOLDERS EQ.(1):	$72.9 MM				
3/98 BOOK VALUE/SHARE (1):	$3.11				
DIVIDEND/YIELD:	NONE				

(1) Adjusted for IPO in July 1998.
(2) Excludes stock compensation and bonus award.
(3) Net income is projected to increase 86%.
(4) Net income is projected to advance 15%.

* NationsBanc Montgomery Securities LLC currently maintains a market in this security. NationsBanc Montgomery Securities LLC was manager or co-manager of a public offering and/or has performed investment banking or other services for this company in the last three years.

Summary and Investment Conclusion

We have initiated coverage of Adams Golf, Inc., with a rating of **BUY**, and purchase is recommended. Adams Golf is currently experiencing extremely rapid growth as a result of strong customer acceptance of its Tight Lies fairway woods, which enhance golfers' ability to hit from a variety of poor lies and still achieve good distance. Sales rose from $3.5 million in 1996 to $36.7 million in 1997 and jumped from $5.4 million to $58.3 million in the first half of 1998. We expect annual sales to rise from $36.7 million in 1997 to $106 million in 1998 and $162.5 million in 1999. EPS are anticipated to increase from $0.57 in 1997 to $1.05 in 1998 and $1.25 (+19%, with 11% more shares outstanding) in 1999.

The critical issues are the following:

- What are the prospects for growth in Adams' sales of fairway woods in the U.S. in 1999, which will be the fourth year of the original Tight Lies 4-wood and the third year for most of the other

lofts? We assume that Adams' sales will decline sequentially (but still increase dramatically year to year) in the third and fourth quarters of 1998, primarily because of normal seasonality of demand. The declines we project in EPS in the third and fourth quarters of 1998 on a year-over-year basis reflect an 86% increase in shares outstanding. In addition, we project that growth of Adams' fairway wood sales in the U. S. will slow to 7% in 1999 as a result of the age of the product, recent increased availability of Orlimar fairway woods at retail and the introduction by Callaway of a new and presumably improved fairway wood. There are no signs currently of a decline in demand for Adams' products based on comments by retailers and the maintenance of retail prices at $199 per club at almost all outlets. Our 1999 EPS estimate assumes that Adams lowers its wholesale price by $10 per club in 1999, which should allow retailers to continue to achieve attractive gross profits on Adams' fairway woods even if retail prices slip somewhat.

- Will Adams be successful in selling its fairway woods in foreign markets, which accounted for only 2% of Adams' sales but 50% of industry sales in 1997? Adams has already named 33 distributors in 39 countries, and the initial sell-in to most of these distributors in the second quarter of 1998 was above plan. Early indications are that consumer demand for Adams' products is strong in many foreign countries at retail prices that are equivalent to $300-400. These retail prices are likely to decline as distribution is broadened, and this should further stimulate consumer demand.

  Our 1999 EPS estimate assumes that foreign markets represent 23% of Adams' fairway wood sales. Foreign sales accounted for 33% of Callaway's sales in the third year of the original Big Bertha line.

- Will Adams be successful in introducing new products? The company expects to introduce a driver incorporating a new but unspecified technology in early 1999. Our 1999 EPS estimate assumes that sales of this product approximate $27 million next year, which seems achievable if a market share of only 4% is attained in the U. S. We estimate Adams' dollar share of fairway woods in the U. S. at 16% in 1998. We believe about 1.1 million golfers will own one or more Adams fairway woods by mid-1999. Our projection of driver sales of $27 million in 1999 could be achieved if only 12% of the owners of Adams fairway woods purchased a driver. For the industry and for Callaway, driver sales approximate fairway wood sales.

Projections for a new product are inherently speculative. However, we believe investors should remember that in the 1992-1996 period, when Callaway's sales and earnings grew strongly, there was never much "visibility" for that company into the next year in terms of new products. In addition, Callaway shares were often volatile in response to concerns such as "I saw a Big Bertha in Costco" or "some retailer offered a Big Bertha at $10 below an earlier price" that proved to be irrelevant. We expect Adams stock to also be volatile.

In view of Adams' currently very low sales in foreign markets and the absence of a driver, success in either or both of these untapped segments has the potential to dramatically expand Adams' sales, assuming sales of existing products are maintained. Because of the company's unusually high gross margin of 74%, small changes in market share or sales can have a significant effect on EPS. A 5% point change in market share in fairway woods or drivers either in the U. S. or in foreign markets can influence EPS by $0.30-0.35.

We believe the stock's current P/E multiples of 9.3x projected 1998 EPS and 7.8x estimated 1999 profits discount the uncertainties associated with any rapidly growing company that is dependent on

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successful new products. As suggested, our key assumptions appear to provide opportunities for favorable surprises. It should also be noted that Adams has cash of $3 per share and no debt.

Adams is a leading manufacturer and marketer of a line of premium-quality, technologically innovative fairway woods sold under the Tight Lies brand name. The Company's clubs enhance golfers' ability to hit from a variety of poor lies and still achieve good distance. Adams' uses a marketing model that integrates direct response and traditional image-based advertising to generate brand awareness and drive sales.

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ADAMS GOLF, INC.

Annual Sales and Earnings Model
($ millions)

FY ends 12/31	1997(1)	1998E	1999E
Sales			
Fairway Woods	$36.7	$106.0	$135.8
United States	35.9	98.1	105.0
Wholesale	26.4	85.8	92.0
Direct Response	9.5	12.3	13.0
Foreign (Wholesale)	0.8	7.9	30.9
Drivers			26.6
United States			21.6
Wholesale			9.6
Direct Response			12.0
Foreign (Wholesale)	—	—	5.0
Total Sales	36.7	106.0	162.5
Gross Profits			
Fairway Woods	26.7	78.7	95.0
United States	26.4	75.8	78.2
Wholesale	19.0	66.0	68.1
Direct Response	7.4	9.8	10.1
Foreign (Wholesale)	0.3	3.1	12.1
Drivers	0.0	0.0	17.4
United States			15.4
Wholesale			6.5
Direct Response			8.9
Foreign (Wholesale)	—	—	2.0
Total Gross Profits	26.7	78.7	108.2
Selling Expense	13.1	28.0	43.7
G&A Expense	2.1	15.0	19.0
R&D Expense	0.6	1.6	2.6
Total Operating Expense	15.8	44.6	65.3
Operating Income	10.0	34.2	43.4
Other Income (Expense)	(0.1)	0.8	2.6
Pretax Income	10.0	35.0	46.0
Tax Rate	34.0%	37.0%	37.0%
Net Income	7.1	22.0	29.0
EPS	**$0.57**	**$1.05**	**$1.25**
Average Shares Outstanding	12.5	20.9	23.2

(1) Excludes special non-cash charge for stock compensation and assumes a tax rate of 34%.

	1997(1)	1998E	1999E
Gross Profit as % of Segment Sales			
Fairway Woods			
United States			
Wholesale	72.0%	76.9%	75.1%
Direct Response	78.0%	79.7%	77.7%
Foreign (Wholesale)	40.0%	39.2%	39.2%
Drivers			
United States			
Wholesale			67.7%
Direct Response			74.2%
Foreign (Wholesale)			40.0%
Margin Analysis			
Percent of Total Sales			
Gross Profit	72.7%	74.2%	66.9%
Selling Expense	35.7%	26.4%	26.9%
General and Administrative	5.7%	14.2%	11.7%
Research and Development	1.6%	1.5%	1.6%
Total Operating Expense	43.1%	42.1%	40.2%
Operating Income	28.7%	32.3%	26.7%
Pretax Income	28.4%	33.0%	28.3%
Net Income	19.4%	20.8%	17.8%
Percentage Change - Y/Y			
Total Sales		188.8%	53.3%
Selling Expense		113.7%	56.1%
General and Administrative		614.3%	26.7%
Operating Income		213.8%	26.9%
Other Income (Expense)		NMF	225.0%
Pretax Income		224.1%	31.4%
Net Income		208.6%	31.7%
EPS		91.2%	14.7%
Average Shares Outstanding		67.2%	11.0%

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ADAMS GOLF, INC.

Quarterly Sales and Earnings Model
($ millions)

	1997				1998			
FY ends 12/31	1Q	2Q	3Q	4Q (1)	1Q	2Q	3QE	4QE
Sales								
Fairway Woods					$24.5	$33.8	$25.5	$22.2
United States					23.3	29.7	24.2	20.9
Wholesale					20.5	26.0	21.0	18.3
Direct Response					2.8	3.7	3.2	2.6
Foreign (Wholesale)					1.2	4.1	1.3	1.3
Driver								
United States								
Wholesale								
Direct Response								
Foreign (Wholesale)								
Total Sales	1.5	4.0	14.2	17.0	24.5	33.8	25.5	22.2
Gross Profits								
Fairway Woods					18.6	26.0	18.4	15.7
United States					18.1	24.4	17.9	15.2
Wholesale					15.9	21.5	15.4	13.2
Direct Response					2.2	3.1	2.5	2.0
Foreign (Wholesale)					0.5	1.6	0.5	0.5
Driver								
United States								
Wholesale								
Direct Response								
Foreign (Wholesale)								
Total Gross Profits	0.9	2.4	10.6	12.8	18.6	26.0	18.4	15.7
Selling Expense					6.2	11.1	6.3	4.4
G&A Expense					3.6	3.7	3.8	3.9
R&D Expense					0.1	0.5	0.5	0.5
Total Operating Expense	0.8	2.4	6.4	6.2	9.9	15.3	10.6	8.8
Operating Income	0.1	0.0	4.2	6.6	8.7	10.7	7.8	6.9
Other Income (Expense)					0.0	0.0	0.4	0.4
Pretax Income					8.7	10.7	8.2	7.3
Tax Rate					36.0%	38.1%	37.0%	37.0%
Net Income	0.04	0.0	3.1	4.0	5.6	6.7	5.1	4.6
EPS	$0.00	$0.00	$0.24	$0.31	$0.31	$0.35	$0.22	$0.20
Average Shares Outstanding	12.5	12.5	12.5	12.5	18.3	19.0	23.0	23.4
Gross Profit as % of Segment Sales								
Fairway Woods								
United States								
Wholesale					77.5%	81.2%	73.3%	72.1%
Direct Response					78.6%	83.0%	77.0%	77.0%
Foreign (Wholesale)					40.0%	40.0%	40.0%	40.0%
Margin Analysis								
Percent of Total Sales								
Gross Profit	60.0%	60.0%	74.7%	75.0%	75.9%	76.9%	72.0%	70.7%
Selling Expense					25.3%	32.8%	24.7%	19.8%
General and Administrative					14.7%	10.9%	14.9%	17.6%
Research and Development					0.4%	1.4%	2.0%	2.3%
Total Operating Expense	53.3%	60.0%	45.1%	36.5%	40.4%	45.3%	41.6%	39.6%
Operating Income	6.7%	0.0%	29.6%	38.8%	35.5%	31.7%	30.5%	31.1%
Pretax Income					35.5%	31.7%	32.0%	32.9%
Net Income	2.7%	0.0%	21.8%	23.5%	22.7%	19.8%	20.2%	20.7%
Percentage Change - Y/Y								
Total Sales					1533.3%	745.0%	79.6%	30.6%
Gross Profits					1966.7%	983.3%	73.3%	22.7%
Operating Income					8600.0%	NMF	84.9%	4.6%
Net Income					13820.0%	NMF	65.9%	15.0%
EPS					NMF	NMF	(6.8%)	(36.6%)
Average Shares Outstanding					46.0%	52.0%	84.0%	87.2%

(1) Excludes stock compensation and bonus award.

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ADAMS GOLF, INC.

	Unit Sales			Average Selling Price		
FY end 12/31	**1997**	**1998E**	**1999E**	**1997**	**1998E**	**1999E**
Fairway Woods	256,000	764,000	1,087,000			
United States	248,000	687,000	787,000			
Wholesale	198,000	622,000	719,000	$133	$138	$128
Direct Response	50,000	65,000	68,000	$190	$190	$190
Foreign	8,000	77,000	300,000	$103	$103	$103
Drivers			134,000			
United States			94,000			
Wholesale			55,000			$175
Direct Response			39,000			$305
Foreign			40,000			$125

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ADAMS GOLF, INC.

Sources and Uses of Funds
($ millions)

FY ends 12/31	1997	1998E	1999E
Sources			
Net Income	$7.1	$22.0	$29.0
Depreciation	—	0.2	0.3
Total From Operations	7.1	22.2	29.3
Common Stock	0.0	60.1	0.0
Debt	0.0	0.0	0.0
Other	0.0	0.0	0.0
Total Sources	**7.1**	**82.3**	**29.3**
Uses			
Capital Expenditures	0.8	1.7	4.0
Debt Reductions	0.0	0.0	0.0
Other	0.0	0.0	0.0
Total Uses	**0.8**	**1.7**	**4.0**
Change in Working Capital	**6.3**	**80.6**	**25.3**
Less: Increase in Inventories	0.0	(5.0)	(8.0)
Less; Increase in Receivables	0.0	(9.0)	(8.0)
Plus: Increase in Current Liabilities	0.0	3.0	2.0
Change in Cash	**6.3**	**69.6**	**11.3**
Year-End Figures			
Current Assets	$15.9	$99.5	$126.8
Current Liabilities	$9.0	$12.0	$14.0
Current Ratio	1.8 to 1	8.3 to 1	9.1 to 1
Cash	$2.0	$71.6	$82.9
Debt	$0.0	$0.0	$0.0
Shareholders' Equity	$8.3	$90.4	$119.4

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NOT FDIC-INSURED	May lose value No bank guarantee

EXHIBIT G

DATE Apr 28/06 EXHIBIT NO. 50
EXAM. OF Ryan Magnussen
Donna Gerbrandt CSR(A)
Amicus Reporting Group

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE: ADAMS GOLF, INC., SECURITIES LITIGATION	:	CIVIL ACTION NO. 99-371-KAJ (CONSOLIDATED)

DECLARATION OF RYAN MAGNUSSEN

1. I, Ryan Magnussen, reside at 135 Woodmont Drive, Calgary, Alberta, Canada T2W4L3.

2. Before 1992, I worked at Sears and became familiar with retail sales. I then became the branch manager of a bank. In 1992, MYSELF & PARTNERS DAVID BROWN & VANCE MACKENZIE ~~I~~ decided to start ~~my~~ OUR own business, WDC Mackenzie Distributors Ltd. ("Mackenzie"), among other things, a distributor of golf products. During the period 1992 - 2001, I served as President of Mackenzie. In this position, my responsibilities included overall management of the business, including sales, finances, relations with banks, and marketing. I had responsibility for dealing with our customers, who were golf equipment retailers located across Canada.

3. I am competent to testify as to the matters set forth in this Declaration by virtue of my training, experience and personal observation. I make this Declaration on the basis of my own personal knowledge, and a review of company documents.

4. During the years 1996 through 2000, Mackenzie was Adams Golf's sole authorized distributor for Canada. This meant that there were not supposed to be any sales of Adams Golf clubs at retail in Canada except by a retailer who was a Mackenzie customer and who obtained the clubs through Mackenzie.

5. During the spring of 1998, beginning in March, Costco stores in Canada began to obtain large numbers of Adams Golf clubs. Costco sold these clubs at prices far

below the prices offered by Adams Golf authorized retailers and, indeed, at prices just barely in excess of the wholesale price at which Adams Golf authorized retailers located in Canada bought Adams Golf clubs from Mackenzie.

6. For instance, in the spring of 1998, Costco was selling the graphite Tight Lies at $249.99 (Canadian), when Mackenzie's wholesale price was $235.00 (Canadian), and the suggested retail price was $349.00 (Canadian).

7. This "gray marketing" posed a distinct threat to us at Mackenzie, as Adams Golf's SOLE ~~exclusive~~ distributor in Canada, and, more generally, for the Adams Golf brand and for the financial health of Adams Golf. Adams Golf clubs were offered to prospective retailers at high profit margins, making them attractive products to purchase and resell. As soon as a brand name product such as a golf club is subjected to gray marketing, however, the retail price at which that product can be sold drops, causing authorized retailers to lose loyalty to the brand. For instance in April 1998, under pressure from Costco, our customers had to drop their retail price from $349 to $299, but they were still not able to compete effectively with Costco because of its lower retail price.

8. The usual result of gray marketing is that a gray-marketed product becomes an unattractive low-margin item that exclusive retailers such as golf shops are no longer willing to sell. That happened here in Canada with respect to Adams Golf's clubs.

9. When we heard about the presence of Adams clubs at Costco in the spring of 1998, Mackenzie notified Adams Golf immediately and began urging Adams to take steps to protect its brand, including to fund Mackenzie's purchase of all the Tight Lies at Costco, in an effort to reassure Mackenzie's customers that their prices and margins would be protected. Adams did not agree to do this.

10. The gray marketing problem with respect to Adams Golf became particularly acute in July 1998, just after Adams Golf's initial public offering (the "IPO"). The preceding month, after Mackenzie's continuing urging that it take steps to protect its brand, Adams Golf had instituted a new program by which authorized retailers in Canada could receive a discount off the wholesale price they paid for Adams Golf clubs. This program was designed to attempt to counteract the gray marketing problem and the harmful effect it was having on retailers.

11. In July 1998, after the IPO, MacKenzie realized that Adams Golf's wholesale price discount program was ineffective, and we became very concerned that Adams was not working on a viable solution. This became obvious to us in two ways. First, our customers, Canadian retailers, complained extensively to Mackenzie and to me personally that the discount program was not reducing and would not reduce the amount of business they were losing to Costco through gray market distribution. Retailer loyalty, which is critical to the high-end golf equipment business diminished noticeably. Second, Mackenzie's sales of Adams Golf clubs plummeted during July, particularly after the IPO. In July 1998, Mackenzie's sales of Adams Golf products (principally the Tight Lies clubs) were only $259,000, compared to $537,000 in June. The monthly sales chart attached to this Declaration accurately sets forth Mackenzie's gross sales of Adams Golf clubs during the period 1997-August 1999. Net sales were even lower because of returns. This decline in sales reflected not just gray marketing but also the failure of Adams Golf's attempts to address gray marketing effectively.

12. The failure of Adams Golf effectively to combat gray marketing in Canada was known by golf retailers across the country. Canada was by far Adams Golf's biggest

foreign market. Further, many American consumers purchased Adams Golf products in Canada. Moreover, many Americans involved in the golf industry had interests in Canada -- in retail stores, golf courses, and otherwise. Word gets around quickly in the golf industry. The sales decline resulting from gray marketing and the failure of Adams Golf to address gray marketing adequately were discussed within the industry and known widely throughout the industry between the conclusion of the IPO and the end of July 1998.

13. In my experience, it is very common for persons involved in golf, including golfers and persons who make their living in the industry, to invest or to consider investing in golf company stock.

I declare under penalty of perjury under the laws of the United States of America that the above statement is true and correct.

Executed on February 25, 2006.

RYAN MAGNUSSEN

402795.wpd

Adams golf WDC Mackenzie sales since 1997

1997		
January	$ 20	
February	$ 4,270	
March	$ 8,345	
April	$ 20,879	** Adams sales are growing in Canada
May	$ 27,559	
June	$ 47,922	
July	$ 35,434	
August	$ 49,985	
September	$ 54,197	
October	$ 66,189	** Golf Channel comes to Canada TV, infomercial
November	$ 269,225	starts, strong Christmas sales
December	$ 226,656	
1998		
January	$ 77,605	
February	$ 207,875	** Start shipping from fall bookings, strong support
March	$ 743,974	from info mercial
April	$ 571,579	
May	$ 470,250	** Product hits Costco Canada
June	$ 537,000	
July	$ 259,000	** Customer start returning clubs & don't want Adams due
August	$ 85,268	to Costco. $200,000 loss due to exchange,CDN$$ crash
September	$ 336,000	** Only way they will take clubs is on consignment for
October	$ 108,800	Christmas season. Poor booking season due to Costco.
November	$ 47,922	** slow Christmas season, we get fill in on consignment,
December	$ 31,178	customers are still reluctant to bring in product
1999		
January	$(-77,200)	** New pricing introduced, most customers from
February	$ 50,366	Christmas consignment return clubs in droves
March	$ 315,235	** spring bookings go out, sales mainly demo clubs sold
April	$ 376,985	from booking specials. Product in Costco, Canadian
May	$ 392,935	Tire & Sports Authority, this is seriously impacting
June	$ 271,195	our sales volumes in Canada.
July	$ 187,525	
August	$ 189,755	** August 1999 1st month in 99 to increase sales compared
		to same month 1998.

Fiscal 1998 ending 8/31/98 $ 3,618,803
Fiscal 1999 ending 8/31/99 $ 2,230,696
61.6 % of previous year

Adams 6 mos ending 6/30/98 $58.3 Mil.
Adams 6 mos ending 6/30/99 $34.1 Mil.
58.4 % of previous year

MCK00046

EXHIBIT H

ADAMS GOLF

Moderator: Patty Walsh
August 6, 1998
4:00 pm CT

EXHIBIT
PENGAD 800-631-6989
49
Walsh

Operator: Good day everyone and welcome to this Adams Golf Second Quarter Earnings conference call. Today's call is being recorded.

At this time for opening remarks and introductions, I would like to turn the call over to the Director of Investor Relations, Ms. Patty Walsh. Please go ahead.

Patty Walsh: Good afternoon ladies and gentlemen, and welcome to the first Adams Golf teleconference since our July 10 IPO. With me today are Mr. Barney Adams, Chairman, Chief Executive Officer and President, and Mr. Darl Hatfield, Senior Vice President Finance Administration and Chief Financial Officer of Adams Golf.

As a formality, before we begin the conference call I need to point out that any comments made about future performance reflect our best judgment today based on current market trends and conditions. Any such comments or forward-looking statements should be understood in the context of our publicly available reports filed with the SEC, including our prospectus which

contains a discussion of various factors we believe may affect our business. These factors could cause actual future performance to differ from current expectations.

At this time, I'd like to turn the meeting over to Barney Adams.

Barney Adams: Hi, everyone. As you know, we've been observing the 25-day quiet period since our IPO. Our second quarter earnings were issued during this period, and now that the period is ended we're pleased to take this opportunity to discuss the results and announce two new products.

Today we formally announced the Tight Lies Strong 2 and Strong 11 Woods. Personally I'm particularly excited about this 2 Wood which we plan to begin selling in early September because it's designed as a response to repeated requests from our customers who love their Tight Lies and wanted to know if we could come up with one they could play both off the fairway and use off the tee.

Now we'll get into the second quarter results in a little bit more detail but I'd be remiss if I didn't say that it was a record quarter.

We recently completed our road show. In that road show we discussed our business model and that business model is still intact. We're certainly pleased with results to date. Lehman Brothers is projecting earnings of $1.05 a share on 106 million, and I might add that that's a slight increase over what we talked about in our road show. And we found no reason to challenge the underlying assumptions for these numbers.

In new product department, our new driver is on track. I am personally excited about it. I've actually played with one myself for a few holes. It's still in the prototype stage but, you know, in

about 45 days we're going to announce the millionth Tight Lies. And our goal is to put a driver in the hands of each of those happy customers of the Tight Lies.

You know, a newsletter called (Par Value), which specializes in the golf industry, recently sent out a report that said that the Adams IPO was the largest in the history of golf. It's a $4 billion market. We are one of the fastest growing companies in that market. Our market segment at this time is fairway woods and it's the fastest growing segment of that market.

I'd like to turn this over at this time to Darl Hatfield so he can discuss specific results from the second quarter.

Darl Hatfield: Thanks Barney. As Barney indicated, the second quarter was a record quarter both in terms of sales and net income. Net income for the second quarter was $6.7 million or 35 cents a share. Sales for the second quarter were $33.8 million, compared to $4.0 million in the comparable period in 1997, and $24.5 million in the first quarter of '98. Sales for the first six months were $58.3 million versus $5.4 million in the comparable period in 1997.

As far as the breakdown of sales by product category, for our most recent quarter the original 16 degree lofted Tight Lies fairway woods accounted for 45% of our sales. Other lofts - or excuse me, other lofted fairway woods being the 3, 5, 7, and 9 as a group accounted for 52% of our sales.

Other product groups, primarily our custom fitting operation, accounted for 3% of our sales. This continued a trend which we noted during the last several months of increasing sales of the other lofted clubs category as the company continues to establish brand awareness.

As far as the breakdown of sales by geographic territory, on a broad basis domestic sales accounted for 88% of our revenues. International sales accounted for 12% of our revenues in the second quarter. This is compared to the first quarter in which domestic was 94% and international was 6%. Up at domestic sales, direct response sales accounted for 12% of our revenues in the second quarter. In the first quarter that percentage was 14%.

A further breakdown of our international sales shows that Asia accounted for 31% of our sales in the second quarter, Europe accounted for 28%, and the rest of the world, primarily represented by Canada, accounted for 41% of our sales. And by the way, our second quarter international sales were $4.1 million.

Moving down the income statement, our gross profit as a percentage of sales for the second quarter increased to 77% from 61% in the comparable period of 1997 and 76% in the first quarter of 1998. The increase from the prior year is primarily the result of cost savings associated with buying component parts in large volumes and assembling them on a substantially increased scale.

Operating expenses as a percentage of sales equaled 45.2% and is composed of selling and royalty expense, general and administrative expenses, and to a lesser extent research and development expense.

Selling and royalty expense equaled 32.9% of sales for the second quarter. The biggest component of this expense is advertising which we break down into direct response advertising and non-direct response or image-based advertising.

The image-based advertising component was somewhat higher in the second quarter due to several special campaigns including (The Ramble & The Bramble) Sweepstakes, advertising featuring Nick Faldo, and a special Father's Day Campaign.

General administrative expense equaled 10.9% of sales for quarter two, and this was compared to 12.8% for the comparable period in 1997 and 13.6% in the first quarter of '98. The decrease in this percentage relates primarily to the fixed nature of many of these expenses compared to the larger volume of sales occurring in the second quarter.

And finally, research and development expense equaled 1.4% of sales in quarter two. As a result, net income was 20% of sales or, as I indicated, $6.7 million for the second quarter. And year to date for the first six months was 21% of sales or $12.3 million.

That concludes our prepared remarks, so at this time we'll open up the call to questions.

Operator: The question and answer session will be conducted electronically today. At this time, if you do have a question, you may signal by pressing the star key followed by the digit 1 on your touch-tone phone.

We'll go first to Joe Teklits, Ferris Baker Watts.

Joe Teklits: Hi, Barney and Darl. Great quarter, of course. Let me ask you a quick question first, Barney. The loft on the 2 degree is- I'm sorry, on the 2 Wood is what?

Barney Adams: Twelve.

Joe Teklits: Thank you. Obviously the stock at this point isn't really giving you any credit for a very good second quarter. I guess it's more taking into account the competitive nature of the industry. Do you want to comment at all on competition you're seeing out there?

Obviously, you said you don't see any problem with 106 million this year. Would you like to comment any further on that?

Barney Adams: Well, I think, Joe, that the answer is that, you know, our job is to run this company. Our job is to meet the goals and objectives that we've set and that you people have referenced and are publicizing. And that's what we look at.

I mean, certainly you keep your eye open to competition. You're a fool if you don't. But by the same token, you know, operations is the name of the game here. We have to go forward.

Joe Teklits: Right. All right, good enough. Can you also comment - I guess inventory - I don't - I'm traveling so I don't have a balance sheet in front of me. Inventory was what at the end of the second quarter?

Darl Hatfield: Inventory at the end of the second quarter was 9.6 million.

Joe Teklits: Comfort level with inventory right now being too high, too low, not enough of a certain loft? Everything is pretty much in line there?

Darl Hatfield: No, I think we're comfortable with that level. Obviously it's a little bit higher than what you might expect for the sales level that we have. However it's at that level because of the conscious

effort that we've made to make sure that we have sufficient supplies of inventory on hand to meet our customer demands.

Joe Teklits: Okay. And was there any change in the reserve for bad debt in the quarter?

Darl Hatfield: Actually, the expense associated with the reserve went down in the second quarter. We had - as you might remember, we had talked about 2% provision. We had about a 1% provision actually for the first six months but it went down the second quarter, so we think we've had very good results.

Joe Teklits: Okay, great. And lastly, Barney, are you seeing the brand recognition of the Tight Lies helping your custom fitting business? I think you said possibly, but also even the (Aerosol) Driver at this point?

Barney Adams: Joe, I think it's - it isn't hurting. I mean, it's helping a little bit. I think it's really more a case, you know, because of the historical nature of the golf business, you know, as I alluded to earlier, we're going to celebrate the millionth Tight Lie here shortly.

And I really think it's more a case of those customers who have a product that they love who are looking forward to our next new product.

Joe Teklits: Right. Yes, I look forward to it, too. Thanks.

Operator: Next to Brian Wall, Munder Capital Management.

Brian Wall: Thank you. Again, nice quarter. Two questions. Can you just go over the units sold in second quarter of '98, second quarter of '97 and first quarter of '98? And then I've got a second question after that.

Darl Hatfield: I think we're going to make it a policy not to disclose units by lofts and so forth but I can tell you that year to date we have sold about 475,000 units in total.

Brian Wall: Okay. And second question, on the cash levels on the balance sheet and I think when you were in, we talked - you know, there weren't - didn't seem like there were immediate needs for the cash in the fact that, you know, you're still very under-leveraged.

Given any thoughts to, I mean, selling equity at I think 16 and buying it back in at 10 or 11? Seems like a pretty good idea. Any thoughts given along those lines?

Barney Adams: I think - this is Barney. I don't think at - at least I haven't at this juncture. I think it's - it's the same answer I gave Joe Teklits. I think at this time it's about concentrating on our position in the marketplace, delivering a quality product and meeting the goals as outlined for the analysts.

Brian Wall: Okay. Along those lines, do you have any market share numbers for the second quarter?

Barney Adams: The market share service that we use, because there's only one that gives - number one, breaks out fairway woods by fairway woods and also breaks out club sales in vehicles such as direct response. And there's only one vehicle in the world as far as we know that does that, and their second quarter numbers aren't available yet.

We were 27% market share in their first quarter numbers with the second place - I forget which of the major companies was in second place but they were down around 13. But I called them and their numbers won't be out until later on this year.

Brian Wall: Later on this year or this month?

Barney Adams: No, it's this year. It's like late August or early September or something like that. It takes them that long to accumulate the data because it's a very broad-based survey they (hold).

Brian Wall: Thank you.

Operator: John Weiss, NationsBank Montgomery.

John Weiss: Barney, you mentioned you've hit the new driver. At least preliminarily, what advantages do you see in terms of the ball flight?

Barney Adams: Well, my first tee shot carried about 410 yards, John, but...

John Weiss: When can I get one?

Barney Adams: You know, I don't want to let that out because it would be a big deal.

I wish I could tell you it was that easy. I'm not being - you know, outside of my first answer, I'm not being that facetious.

When you design a driver, you design it with a multitude of purposes. It depends upon - when you asked the ball flight question, you know, as club designer, my first question's got to be, well what swing speed are you talking about? What kind of a golfer are you talking about?

So when I talk about a driver, it's not a club. It's really a variation on a design for different types of players. When my testing - when I was doing my particular testing, it was just for one particular aspect of the whole. So it's way, way early but, you know, at least we passed the first hurdle.

John Weiss: Getting back to your discussion of players with different club head speeds, I assume that by employing different shafts that this club could be appropriate for a relatively wide range of club head speeds?

Barney Adams: Certainly by applying different shafts, but it's a lot more complex than that if you want to do the job right. And you know, you've heard me say this before -- doing a golf club is one thing, doing a really good golf club is something else.

John Weiss: So could this product involve different models for players with different club head speeds?

Barney Adams: I don't think it's a question of different models. It's just different variations of the same - you know, you're dealing with physics and there's different variations of a design to optimize the variations in club head speeds, path angles, and so on.

John Weiss: So it'll be a single club with a choice of multiple shafts.

Barney Adams: Multiple shafts, that's correct, and at the very least, multiple lofts.

John Weiss: Okay, thank you.

Barney Adams: Sure.

Operator: Go next to Brian Lantier, Lehman Brothers.

Brian Lantier: Good afternoon, gentlemen, congratulations on the quarter. The international sales seemed fairly strong in the quarter. I was wondering if you could comment particularly around the sales to Asia, and if you guys are using a different marketing model to garner those sales.

Barney Adams: I think the Asian sales are really a reflection of how popular our product is because when you - we haven't done anything proactively internationally. We haven't run any ads, although I think in a couple of Japanese golf magazines there were some stories written about us. But they just happened so they wouldn't even have effected those numbers. I'm kind of going over this in my mind.

It's really more a component of the popularity we have here in the United States. We haven't even begun our international marketing program.

Brian Lantier: Great. Thanks a lot.

Operator: Stuart Levy, Lehman Brothers.

Stuart Levy: Hey Barney, terrific quarter.

Barney Adams: Thanks. I did it all by myself.

Stuart Levy: I know you did. You know, one of the issues that has presented itself ex-out the European and Asian markets is that the U.S. demand has slowed down or looks like it is slowing down.

Could you address that in terms to how it relates to our product line presently as well as our plans for future line extension?

Barney Adams: What I read about the U.S. demand slowing down, I read about it in reference to companies like Callaway and Taylor Made. And you know, those companies with the breadth and depth of their products lines, it affected an awful lot more by variables that we don't see yet because of the nature of our emphasis on a single product and so on.

So as far as, you know, the outlook over the next couple of quarters and so on, you know, nothing has changed. We are where we were. I really can't comment on the overall effect of the industry because we're not in parts of it.

Stuart Levy: In addressing that, are we pursuing ways to possibly expand our present means of distribution, maybe aside from just the off-side as well as the on-side pro-shop?

Barney Adams: Frankly, I don't know what you mean. If you could give me an example, I could give you a more intelligent answer.

Stuart Levy: For example, sporting good outlets or sports apparel stores, et cetera, et cetera?

Barney Adams: We are currently in and have stayed consistent with the selling environment where they are known for selling premium golf products at, you know, market reasonable prices. We've stayed away from what is commonly known as the big box stores -- the Kmart, Wal-Marts if you will -- where it is strictly a price situation. I think we're going to stay consistent with that.

Stuart Levy: Okay. Thanks, Barney.

Barney Adams: Sure.

Operator: Once again, if you do have a question today you may signal by pressing the star key followed by the digit 1 on your touch tone phone.

And we'll go next to Paul Applebaum, MY Myerson.

Paul Applebaum: Good evening, gentlemen. I just wanted to get a little info as to the new products that you're coming out with and what market specifically you'd be directing them towards?

Barney Adams: The announced product, (First Sequence), is a driver which has been forecast for early 1999. If you take a look at the worldwide sales of golf clubs which are $2 billion in the Unites States and approximately another $2 billion adding up to $4 billion worldwide, fairway woods are 23% of that market, drivers are 26% of that market. That is our - that segment is our next target area.

Paul Applebaum: Okay. And the 2-woods that you were coming out with was a Strong 2 and the other one was?

Barney Adams: An 11 wood.

Paul Applebaum: Okay. Thank you.

Operator: Randy Abbe, private investor.

Randy Abbe: Good afternoon, gentlemen.

Barney Adams: Hello.

Randy Abbe: I'm very excited about this new driver coming out. And what I would like to ask you, if the international sales continues to become more of a factor, do you see anywhere down the future of maybe having a plant set up there and maybe building there or is it going to be just a wait-and-see and a supply-and-demand attitude?

Barney Adams: Yes, it all - you know, we've actually been approached by locations and, you know, at the end of the day it's a numbers game. I mean if it helps us meet our goals from both a cost and a sales and a customer service standpoint, we would take a look at a situation. So it's, you know, a one-off analysis at this stage as opposed to a broad policy.

Randy Abbe: Okay, thank you.

Operator: Tom Rogers, private investor.

Tom Rogers: Barney.

Barney Adams: Hello, Thomas.

Tom Rogers: Nice going.

Barney Adams: Thank you, sir.

Tom Rogers: Great performance. I wanted you to comment on your competition, notably Orlimar. It's kind of annoying when I see their ads and they quote those statistics slamming your great fairway woods. What's your read on them?

Barney Adams: Well, Tom, you know, if it wasn't Orlimar, it'd be somebody else. I mean, we knew long ago when we were really starting to do well that it was just a question of time before somebody jumped on our economic model. And most assuredly they have - you know, if you want to call it a compliment they've complimented us by trying to mirror everything that we've done.

Is it uncomfortable? Sure it is. But the fact of the matter is, as I've said, it's going to be somebody. Our job is to just continue what works, continue what's going - we're going to have, as I said, the millionth Tight Lies in the marketplace here shortly. That means we've got a lot of very pleased customers out there. And if we continue with the objectives that are in line with the analysts and so on, let's see what time answers to that question.

Tom Rogers: Yes. Do you have any litigation underway with infringements?

Barney Adams: The knockoffs? Absolutely. We do have litigation underway with knockoffs, but I will say that it's nothing that's going to have a positive effect on our company at the bottom line, not like we're going to make any million dollar lawsuits.

Tom Rogers: Yes.

Barney Adams: You litigate to protect your turf.

Tom Rogers: Yes. Is there anything underway with Orlimar.

Barney Adams: No, no. No, not at all because you can't litigate them for copying our economic model. And as far as the club goes, their club is fine.

Tom Rogers: Yes. Okay, well keep up the good work.

Barney Adams: Thank you, sir.

Tom Rogers: Right.

Operator: There appear to be no further questions at this time. I would now like to turn the conference back to Ms. Walsh for any additional or closing comments.

Patty Walsh: On behalf of Barney Adams, Darl Hatfield and myself, I'd like to thank all of you for participating in our first teleconference. In the future, we plan to hold teleconferences following each earnings release and you'll be notified by fax a few days prior to the call.

Thank you again and good afternoon.

Operator: That does conclude today's conference. Thank you for your participation.

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